

House File 374 - Introduced

HOUSE FILE 374

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A BILL FOR

1 An Act imposing insurance requirements prior to the granting
2 of a permit to construct, maintain, or operate a hazardous
3 liquid pipeline, and including effective date and
4 retroactive applicability provisions.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 479B.13, Code 2015, is amended to read
2 as follows:

3 **479B.13 Financial condition of permittee — bond —**
4 **insurance.**

5 Before a permit is granted under this chapter the applicant
6 must satisfy the board ~~that~~ of both of the following:

7 1. That the applicant has property within this state other
8 than pipelines or underground storage facilities, subject to
9 execution of a value in excess of two hundred fifty thousand
10 dollars, or the applicant must file and maintain with the board
11 a surety bond in the penal sum of two hundred fifty thousand
12 dollars with surety approved by the board, conditioned that
13 the applicant will pay any and all damages legally recovered
14 against it growing out of the construction, maintenance, or
15 operation of its pipeline or underground storage facilities
16 in this state. When the pipeline company deposits with the
17 board security satisfactory to the board as a guaranty for the
18 payment of the damages, or furnishes to the board satisfactory
19 proofs of its solvency and financial ability to pay the
20 damages, the pipeline company is relieved of the provisions
21 requiring bond.

22 2. For a pipeline to be constructed on or after January 1,
23 2015, that the applicant has obtained an amount of insurance
24 sufficient to provide reasonable and necessary remedial
25 response and to respond in damages for claims arising from
26 the accidental discharge of hazardous liquid. The amount
27 of insurance required pursuant to this subsection shall be
28 determined by the board upon review of the petition submitted
29 pursuant to section 479B.5. The applicant shall submit annual
30 verification to the board that the insurance has been obtained
31 and remains in force. Insurance obtained pursuant to this
32 subsection shall not be canceled, revoked, or allowed to
33 terminate without board approval.

34 Sec. 2. EFFECTIVE UPON ENACTMENT. This Act, being deemed of
35 immediate importance, takes effect upon enactment.

1 Sec. 3. RETROACTIVE APPLICABILITY. This Act applies
2 retroactively to January 1, 2015.

3 EXPLANATION

4 The inclusion of this explanation does not constitute agreement with
5 the explanation's substance by the members of the general assembly.

6 This bill requires insurance to be obtained by an applicant
7 prior to the granting of a permit to construct, maintain, or
8 operate a hazardous liquid pipeline.

9 Currently, Code section 479B.13 requires an applicant for a
10 permit to construct, maintain, or operate a hazardous liquid
11 pipeline or underground storage facility to demonstrate that
12 the applicant has property within Iowa other than pipelines
13 or underground storage facilities, subject to execution of a
14 value in excess of \$250,000, or that the applicant has filed
15 and will maintain with the board a surety bond in the penal sum
16 of \$250,000 with surety approved by the board, conditioned that
17 the applicant will pay any and all damages legally recovered
18 against it growing out of the construction, maintenance, or
19 operation of its pipeline or underground storage facilities.

20 The bill adds the additional requirement, applicable to
21 hazardous liquid pipelines constructed on or after January 1,
22 2015, that the applicant obtain insurance sufficient to provide
23 reasonable and necessary remedial response and to respond
24 in damages for claims arising from the accidental discharge
25 of hazardous liquid. The bill specifies that the amount of
26 insurance shall be determined by the Iowa utilities board upon
27 review of the petition the applicant submitted pursuant to Code
28 section 479B.5. The bill requires the applicant to submit
29 annual verification to the board that the insurance has been
30 obtained and remains in force, and provides that the insurance
31 shall not be canceled, revoked, or allowed to terminate
32 without board approval. Pursuant to Code section 479B.14,
33 these requirements are also applicable to applications for an
34 extension of an existing permit.

35 The bill takes effect upon enactment, and is retroactively

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1 applicable to January 1, 2015.